

WORKOVER AND SERVICE RIG VALUATION INSTRUCTIONS

It is the responsibility of the taxpayer to certify to you the year the rig was new, the manufacturers depth rating and whether it is a service rig, a workover rig, a pole rig or a cable tool rig.

The licensing method chosen by the owner(s) of a service rig, or workover rig, pole rig or cable tool rig determine the appropriate method of taxation.

These rigs are subject to the Class 8 property tax under the following circumstances:

- (1) If the owner applies for a Special Mobile permit for the unit.
 - (a) This unit would be valued by depreciating the replacement costs new of the complete unit based on the manufacturers depth rating.

Workover, Service, Cable and Pole Rigs are exempt from property tax if the rig is mounted on or attached to a vehicle with a rated capacity of more than 1-ton and is properly licensed for use on the highway with all appropriate gross vehicle weight (GVW) fees paid.

COMPUTATION

The replacement cost new (R.C.N) is determined by the manufacturer's depth rating. Once the replacement cost new is determined, you would apply the "trended wholesale % good" to that figure to determine the market value. The percentage to be used will be determined by the year the rig was new. If the rig is a pole rig or a cable tool rig, use the replacement cost new (R.C.N.) and depreciate it according to the Service and Workover Rig Depreciation Schedule. The percentage to be used will be determined by the year the rig was new.

Example #1: The taxpayer purchased a new workover rig in 2000 with a manufacturer's depth rating of 6000'.

$$\begin{aligned}\text{R.C.N.} &= 305,572 \times 31\% = 94,727 \text{ market value} \\ 94,727 \times 3\% &= 2,842 \text{ taxable value}\end{aligned}$$

Example #2: The taxpayer acquired a 1985 cable tool rig in 1999.

$$\begin{aligned}\text{R.C.N.} &= 60,000 \times 25\% = 15,000 \text{ market value} \\ 15,000 \times 3\% &= 450 \text{ taxable value}\end{aligned}$$

NOTE:IF YOU HAVE ANY QUESTIONS CONCERNING THE ASSESSMENT OF THIS TYPE OF PROPERTY, CONTACT HELENA.

WORKOVER AND SERVICE RIG DEPRECIATION SCHEDULE
(BEVS - SCREEN 8)

This schedule is to be used from January 1, 2008, through December 31, 2008 (reference ARM 42.21.139).

The following schedules will be used to arrive at market value when assessing service and workover rigs.

<u>YEAR</u>	<u>WHOLESALE TRENDED % GOOD</u>
2008	80%
2007	74%
2006	71%
2005	67%
2004	64%
2003	58%
2002	50%
2001	40%
2000	31%
1999	25%
1998	21%
AND OLDER	

DEPTH CATEGORIES AND REPLACEMENT COST NEW

<u>MANUFACTURERS DEPTH RATING</u>	<u>SERVICE RIG R.C.N.</u>	<u>WORKOVER RIG R.C.N.</u>
0 - 3,000'	146,788	186,788
3,001 - 5,000'	187,336	227,336
5,001 - 8,000'	245,572	305,572
8,001 - 10,000'	293,325	393,325
10,001 - 14,000'	322,918	472,918
14,001 & over	405,426	555,426

A pole rig or cable tool, regardless of depth is \$60,000 R.C.N.

<u>Property Type</u>	<u>Class Code</u>	<u>Property Class</u>	<u>Taxable Percentage</u>
Service & Workover Rigs & Related Oilfield Equip.	6522	8	3%